March 11, 2005

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-B204
Washington, DC 20554

Re: Ex Parte Communication
WT Docket No. 02-353 -- Service Rules for Advanced Wireless Services ("AWS") in the 1.7 GHz and 2.1 GHz Bands

Dear Ms. Dortch:

T-Mobile USA, Inc. ("T-Mobile") and Rural Telecommunications Group, Inc. ("RTG") together submit this ex parte letter (our "Joint Proposal") to encourage the Commission to revise the band plan for Advanced Wireless Services ("AWS") in the 1710-1755 and 2110-2155 MHz bands as set forth in its *Report and Order*.[1] As discussed below, reconfiguring the current 30 MHz E Block AWS license block to create a sixth AWS license block will better promote competition in all areas of the country, including rural and underserved areas. Under the Joint Proposal, national and regional carriers could access additional spectrum in appropriately sized blocks to augment their existing voice and data services and to deploy innovative product offerings based on their business plans. Further, rural carriers would gain viable access to affordable AWS licenses of a geographic size that more closely approximates their existing service areas.[2]

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[1] *See Service Rules for Advanced Wireless Services in the 1.7 GHz and 2.1 GHz Bands*, Report and Order, 18 FCC Rcd 25162 (2003), *recons. pending* ("*Report and Order*").

T-Mobile filed a Petition for Reconsideration seeking modification of the channelization set forth in the Report and Order. *See* Petition for Reconsideration of T-Mobile filed Mar. 8, 2004 ("T-Mobile Petition"). T-Mobile supported the Commission's designation of the two 10 MHz A and B block licenses (paired blocks of 5 MHz) and the two 20 MHz C and D block licenses (paired blocks of 10 MHz), but

In the last year, industry consolidation and dramatic increases in the spectrum holdings of the very largest wireless carriers have increased the importance to other national, regional and rural carriers of gaining the ability to access affordable, appropriately-sized blocks of spectrum. Without this access, smaller carriers cannot augment their existing voice and data services or deploy innovative product offerings as demanded by their customers. It is in this environment that T-Mobile and RTG initiated discussions in an effort to present the Commission with a proposal to address these issues.

Specifically, our Joint Proposal recommends that the Commission divide the 30 MHz E block licenses into three constituent parts and incorporate those parts in a modified AWS band plan, as follows: one 10 MHz block of spectrum (1750-1755 paired with 2150-2155 MHz) would continue to be licensed within the 12 REAGs (new Block F); the second 10 MHz spectrum block (1745-1750 paired with 2145-2150 MHz) would be licensed within the 176 EAs, rather than on a REAG basis (new Block E); and the third 10 MHz spectrum block (1740-1745 paired with 2140-2145 MHz) would be combined with the 10 MHz (1735-1740 paired with 2135-2140 MHz) currently assigned to the existing D Block for a total of 20 MHz of paired spectrum within the 734 RSAs/MSAs. No license in any block would consist of more than 20 MHz of spectrum, and there would be no less than 20 MHz of spectrum in each of the three market designations. The existing AWS A, B and C license blocks established in the Commission's *Report and Order* would remain unchanged. The result would be six license blocks, just one more than in the Commission's current plan, with three based on REAGs, two based on EAs, and one based on MSAs/RSAs.

Our Joint Proposal would thus establish the following band plan:

Block	MHz	Pairings	Area	Licenses
A	20	1710-1720 paired with 2110-2120 MHz	EA	176
B	20	1720-1730 paired with 2120-2130 MHz	REAG	12
C	10	1730-1735 paired with 2130-2135 MHz	REAG	12
D	20	1735-1745 paired with 2135-2145 MHz	MSA/RSA	734
E	10	1745-1750 paired with 2145-2150 MHz	EA	176
F	10	1750-1755 paired with 2150-2155 MHz	REAG	12

This approach would promote more efficient use of the spectrum for several reasons. First, both by splitting the 30-MHz block into smaller spectrum blocks and by

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recommended that the Commission reconfigure each 30 MHz E block license into separate 10 and 20 MHz licenses, both covering the same REAG license areas as the current 30 MHz E Block. This Joint Proposal supersedes the suggested plan in the T-Mobile Petition.

licensing some of this spectrum in the smaller RSA/MSA geographic areas, the Commission would ensure that national, regional and local licensees would not be forced to acquire more spectrum (either spectrally or geographically) than they need for their business operations. Spectrum blocks exceeding a carrier's needs no doubt result in unnecessary transaction costs that potentially delay the availability of spectrum to those that value it most.[3] At the same time, bidders desiring blocks larger than 20 MHz would be able to aggregate two or more smaller blocks at auction or in the secondary market. Second, increasing the bandwidth of the D Block licenses from 10 to 20 MHz would enable independent wireless carriers and wireless carriers that are affiliated with rural telephone companies to acquire sufficient AWS bandwidth to implement their business plans in RSA/MSA license areas that closely match the market areas of their existing operations.

Under our Joint Proposal, the incremental cost of aggregating smaller spectrum blocks in any given market would, in our view, not be significant. The Commission has noted that aggregation at auction of smaller spectrum blocks and licenses may provide bidders with greater flexibility to implement their business plans as compared with a more traditional approach of defining an optimal size.[4] At the very least, licensing spectrum in the proposed 10-10-10 MHz split of the current 30 MHz E Block could "save time and resources, and also could expedite the development and deployment of advanced services."[5]

By dividing the available 30 MHz E block licenses into three separate 10 MHz components and modifying the AWS band plan as discussed above, the Commission will give the broadest range of potential bidders access to the spectrum necessary to

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[3] *See* Comments of AT&T Wireless Services, Inc. filed Feb. 7, 2003 ("AT&T Wireless Comments") at 6 (noting that offering large spectrum blocks in certain geographic areas would force bidders to engage in "excessive upfront investment" and entail significant transaction costs as licensees seek to dispose of unneeded portions in the secondary market, which also could result in some spectrum lying fallow for an extended time).

[4] *See Service Rules for Advanced Wireless Services in the 1.7 GHz and 2.1 GHz Bands*, Notice of Proposed Rulemaking, 17 FCC Rcd 24135, 24143 (2002) ("*NPRM*").

[5] *NPRM*, 17 FCC Rcd at 24147. As T-Mobile noted in the T-Mobile Petition at 5-6, the Commission opted to break 30 MHz blocks of CMRS spectrum into smaller portions in Auction No. 35 (and later in Auction No. 58), reasoning that dividing the 30 MHz spectrum into smaller block licenses would provide bidders with more flexibility to adapt their bidding strategies to meet their business plans, and ultimately make licenses more affordable. *Amendment of the Commission's Rules Regarding Installment Payment Financing for Personal Communications Services Licenses*, Sixth Report and Order on Reconsideration, 15 FCC Rcd 16266, 16274-75 (2000). The Commission likewise opted for smaller block licenses in the *700 MHz First Report and Order*. *Sixth Report and Order*, 15 FCC Rcd at 16274 (citing *Service Rules for 746-764 MHz and 776-794 MHz Bands, and Revisions to Part 27 of the Commission's Rules*, First Report and Order, 15 FCC Rcd 476 (2000)).

meet their business objectives. With a full 20 MHz available in the smallest RSA/MSA market areas, local, largely rural carriers will be able to afford adequate spectrum for voice and advanced data services in markets of a manageable size that are well suited to their existing service footprints. Similarly, existing PCS and cellular carriers can acquire the spectrum that they need to supplement and expand their existing services through multiple licenses of varying geographical sizes and bandwidths. Finally, those carriers seeking more than 10 or 20 MHz of bandwidth for services still may aggregate the 10 MHz and 20 MHz licenses.

In conclusion, by configuring the AWS band as described in our Joint Proposal, the Commission will promote flexible spectrum policy as well as competitive opportunities that will facilitate rapid deployment of service and technology in support of its obligations under Section 309(j) of the Communications Act.[6]

Sincerely,

By: /s/ Thomas J. Sugrue
Thomas J. Sugrue, Vice President--
Government Affairs
T-Mobile USA, Inc.

By: /s/ Caressa D. Bennet
Caressa D. Bennet, General Counsel
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[6] See 47 U.S.C. §309(j)(4)(C).